

**TOWN OF JET
OKLAHOMA**

**AUDITORS' REPORT
AND
FINANCIAL STATEMENTS**

**PERIOD COVERING
JUNE 30, 2021**

*WILLIAM K. GAUER
CERTIFIED PUBLIC ACCOUNTANT
WATONGA, OKLAHOMA*

**TOWN OF JET
OKLAHOMA
TOWN COUNCIL AND OFFICERS**

Jim Blackledge
Pamela Sands
Stephanie Carson
Amanda Tucker
Melissa Jenlink

Rene Christine

Mayor
Councilperson
Councilperson
Councilperson
Councilperson

Town Clerk/Treasurer

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INDEPENDENT AUDITOR'S REPORT

**To the Honorable Board of Trustees
Town of Jet**

**To the Honorable Board of Trustees
Jet Utility Authority**

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, the aggregate discretely component units, each major fund, and aggregate remaining fund information of the Town of Jet, State of Oklahoma, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note A; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk

assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Jet, State of Oklahoma, as of June 30, 2021, and the respective changes in modified cash basis financial position and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note A.

Basis of Accounting

We draw attention to Note A of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters Other Information


Our audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise the Town of Jet, State of Oklahoma's basic financial statements. The management's discussion and analysis and budgetary comparison information on pages X-X and XX-XX, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2021, on our consideration of the Town of Jet's internal

Town of Jet
October 11, 2021
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control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Jet's internal control over financial reporting and compliance.



Watonga, OK
October 11, 2021

**Government-Wide
Financial Statements**

TOWN OF JET, OKLAHOMA
Statement of Net Position-Modified Cash Basis
Fiscal Year Ended June 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Unrestricted Assets:			
Cash and Cash Equivalents	\$ 368,907	\$ 76,538	\$ 445,445
Certificate of Deposits	-	35,000	35,000
Due from Other Funds	-	-	-
Total Unrestricted Assets			
Restricted Assets:			
Restricted Cash	5,825	60,685	66,509
Land and construction-in-process	-	-	-
Other capital assets, net	1,329,233	978,504	2,307,738
Total Restricted Assets	<u>1,703,965</u>	<u>1,150,727</u>	<u>2,854,692</u>
TOTAL ASSETS			
LIABILITIES			
Due to Other Funds	-	-	-
Deposits	-	10,056	10,056
Long-term Liabilities			
Due within one year	-	-	-
Due in more than one year	-	-	-
Total Liabilities	<u>-</u>	<u>10,056</u>	<u>10,056</u>
NET POSITION			
Invested in capital assets, net of related debt	1,329,233	978,504	2,307,738
Restricted	5,825	50,628	56,453
Unrestricted	368,907	111,538	480,445
Total Net Position	<u>\$ 1,703,965</u>	<u>\$ 1,140,671</u>	<u>\$ 2,844,636</u>

See accompanying notes to the basic financial statements.

TOWN OF JET, OKLAHOMA
Statement of Activities - Modified Cash Basis
Fiscal Year Ended June 30, 2021

Functional Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Charges for		Operating		Governmental	Business-Type	Total
	Expenses	Services	Grants and Contributions	Capital Grants and Contributions			
Primary Government:							
Governmental Activities:							
General Government	\$ 73,819	\$ -	\$ 5,962	\$ -	\$ (67,857)	\$ -	\$ (67,857)
Culture, parks and recreation	3,590	12,558	-	-	8,968	-	8,968
Public Safety	7,029	-	-	-	(7,029)	-	(7,029)
Highway and Streets	13,754	-	-	-	(13,754)	-	(13,754)
Depreciation - Unallocated	-	-	-	-	-	-	-
Total governmental activities	98,192	12,558	5,962	-	(79,672)	-	(79,672)
Business-Type Activities:							
Water & Sewer Operations	179,627	90,038	-	91,133	-	1,544	1,544
Trash Collections	24,072	25,044	-	-	-	972	972
Depreciation - Unallocated	17,617	-	-	-	-	(17,617)	(17,617)
Total business-type activities	221,316	115,082	-	91,133	-	(15,101)	(15,101)
Total Primary Government	319,508	127,639	5,962	91,133	(79,672)	(15,101)	(94,773)
General Revenues:							
Taxes					53,318	-	53,318
Intergovernment revenue					11,189	-	11,189
Investment income					301	2,481	2,782
Miscellaneous					7,140	7,553	14,693
Transfers-Internal Activity					-	-	-
Total general revenues and transfers					71,948	10,034	81,983
Changes in Net Assets					(7,724)	(5,067)	(12,791)
Net Position - Beginning					382,455	430,580	813,035
Prior Period Adjustments (Note I)					1,329,233	715,158	2,044,392
Net Position - Ending					1,703,965	1,140,671	2,844,636

See accompanying notes to the basic financial statements.

Fund Statements
Governmental Funds

TOWN OF JET, OKLAHOMA
STATEMENT OF FUND BALANCE-MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
Fiscal Year Ended June 30, 2021

	General Fund	Community Building Fund	Museum Fund	Total
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 352,791	\$ 445	-	\$ 353,235
Certificates of Deposit	-	5,154	10,517	15,671
Due from Other Funds	-	-	-	-
Total Current Assets	352,791	5,599	10,517	368,907
Restricted and non-current assets:				
Restricted cash and cash equivalents	5,825	-	-	5,825
Capital Assets				
Capital assets, net of accumulated depreciation	-	-	-	-
Total Restricted and Non-Current Assets	5,825	-	-	5,825
Total Assets	358,615	5,599	10,517	374,731
LIABILITIES				
Accounts payable & accrued liabilities	-	-	-	-
Deferred revenue	-	-	-	-
Total Liabilities	-	-	-	-
FUND BALANCE				
Nonspendable:				
Invested in Capital Assets, net of debt	-	-	-	-
Restricted :				
Community Building	-	5,599	-	5,599
Museum Fund	-	-	-	-
Fire Department	-	-	10,517	10,517
Unrestricted:	5,825	-	-	5,825
General Government	352,791	-	-	352,791
Total Fund Balance	358,615	5,599	10,517	374,731
Reconciliation to Statement of Net Assets:				
Amount reported for governmental activities in the statement of net assets				
Capital assets				1,329,233
				-
				-
				\$ 1,703,965

See accompanying notes to the basic financial statements,

TOWN OF JET, OKLAHOMA
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
CASH BASIS
GOVERNMENTAL FUNDS

	General Fund	Community Building Fund	Museum Fund	Total
Revenues:				
Taxes	\$ 53,318	\$ -	\$ -	\$ 53,318
Intergovernmental	11,189	-	-	11,189
Charges for Services	-	-	-	-
Fines and forfeitures	-	-	-	-
Licenses and permits	-	-	-	-
Grants	-	-	-	-
Interest	301	-	-	301
Miscellaneous	17,164	12,558	-	29,722
Total Revenues	<u>81,973</u>	<u>12,558</u>	<u>-</u>	<u>94,530</u>
Expenditures:				
General Government	71,637	-	2,182	73,819
Community Building	-	3,590	-	3,590
Fire Department	7,029	-	-	7,029
Street & Alley	13,754	-	-	13,754
Total Expenditures	<u>92,420</u>	<u>3,590</u>	<u>2,182</u>	<u>98,192</u>
Excess (deficiency) of revenues over expenditures	(10,447)	8,968	(2,182)	(3,662)
Other Financing Sources				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Changes in Fund Balance	(10,447)	8,968	(2,182)	(3,662)
Fund Balance - Beginning	366,802	5,446	10,207	382,455
Fund Balance - Ending	<u>356,355</u>	<u>14,414</u>	<u>8,024</u>	<u>378,793</u>
Reconciliation to the Statement of Activities:				
Net change in fund balances				(7,724)
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:				
Capital assets transferred to Enterprise Fund				-
Depreciation				-
Change in net assets of governmental activities				<u>\$ (7,724)</u>

See Accompanying notes to the basic financial statements.

Fund Statements
Proprietary Funds

TOWN OF JET, OKLAHOMA
STATEMENT OF NET POSITION-MODIFIED CASH BASIS
PROPRIETARY FUNDS
Fiscal Year Ended June 30, 2021

	Jet Utilities Authority	Total
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 76,538	\$ 76,538
Certificate of Deposits	35,000	35,000
Inventory	-	-
Total Current Assets	111,538	111,538
Noncurrent Assets:		
Restricted cash and cash equivalents	60,685	60,685
Bank of Oklahoma Project Fund (JUA Ser 2020)	-	-
Capital Assets, net of accumulated depreciation	978,504	978,504
Total noncurrent assets	1,039,189	1,039,189
Total Assets	1,150,727	1,150,727
LIABILITIES		
Current Liabilities:		
Deposits subject to refund	10,056	10,056
Notes payable-current portion	-	-
Due to other funds	-	-
Total current liabilities	10,056	10,056
Noncurrent Liabilities:		
Notes payable	-	-
Total noncurrent liabilities	-	-
Total Liabilities	10,056	10,056
NET POSITION		
Invested in Capital Assets, net of debt	978,504	978,504
Restricted	50,628	50,628
Unrestricted	111,538	111,538
Total Net Position	\$ 1,140,671	\$ 1,140,671

See accompanying notes to the basic financial statements,

TOWN OF JET, OKLAHOMA
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN NET POSITION
MODIFIED CASH BASIS
PROPRIETARY FUNDS

	Jet Utilities Authority	Total
Revenues:		
Charges for services:		
Water	\$ 70,772	\$ 70,772
Sewer	19,265	19,265
Sanitation	25,044	25,044
Other	7,553	7,553
Total Revenues	<u>122,635</u>	<u>122,635</u>
Expenses:		
Personnel Services	55,214	55,214
Maintenance & Operations	83,256	83,256
Trash	24,072	24,072
Depreciation	17,617	17,617
Total Expenses	<u>180,159</u>	<u>180,159</u>
Operating Income (Loss)	<u>(57,524)</u>	<u>(57,524)</u>
Non-operating revenues (expenses):		
Investment income	2,481	2,481
Interest expense	(2,867)	(2,867)
Grant Receipts	93,343	93,343
Debt Acquisition Costs	(40,500)	(40,500)
Other-Transfers In	-	-
Other-Transfers Out	-	-
Total Non-operating Revenues (Expenses)	<u>52,457</u>	<u>52,457</u>
Changes in Net Assets	(5,067)	(5,067)
Net Position - Beginning	430,580	430,580
Prior Period Adjustment (Note I)	715,158	715,158
Net Position - Ending	<u><u>1,140,671</u></u>	<u><u>1,140,671</u></u>

See Accompanying notes to the basic financial statements.

TOWN OF JET, OKLAHOMA
STATEMENT OF CASH FLOWS-PROPRIETARY FUNDS-MODIFIED CASH BASIS
Fiscal Year Ended June 30, 2021

	Jet Utilities Authority	Total
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 122,635	\$ 122,635
Payments to suppliers	(107,329)	(107,329)
Payments to employees	(55,214)	(55,214)
Total Revenues	<u>(39,907)</u>	<u>(39,907)</u>
CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES		
	-	-
CASH FLOW FROM CAPITAL RELATED ACTIVITIES		
OWRB Grant Receipts	88,923	88,923
Draw on Funds from JUA Ser 2020 (Considered Grant Recpt)	99,880	99,880
Capital Expenditures	(142,739)	(142,739)
Debt Acquisition Costs	(40,500)	(40,500)
Interest Paid	(2,867)	(2,867)
Principal Paid	<u>(450,000)</u>	<u>(450,000)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Interest Receipts	<u>2,481</u>	<u>2,481</u>
Net Change in cash and cash equivalents	(484,730)	(484,730)
Beginning Balance	561,268	561,268
Ending Balance	<u><u>76,538</u></u>	<u><u>\$ 76,538</u></u>
Reconciliation of operating income (loss) to net cash from operating activities:		
Operating Income (Loss)	(57,524)	(57,524)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	17,617	17,617
	-	-
Net cash provided by operating activities	<u><u>\$ (39,907)</u></u>	<u><u>\$ (39,907)</u></u>

TOWN OF JET
Jet, Oklahoma

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Jet, Oklahoma (the "Town") is incorporated as a statutory town under the laws of the State of Oklahoma. The Town provides the following services: public safety (fire), streets, sanitation, utilities, and general administration.

The Town prepares its financial statements on the modified cash basis of accounting. Under this basis, revenues are recognized when collected and expenses and expenditures are recognized when paid. Accordingly, the Town's financial statements are not intended present financial position and results of operations in conformity with accounting principles generally accepted in the United States of America (GAAP). Discussed further in Note 3.

1. THE REPORTING ENTITY

The Town's financial reporting entity is composed of the following:

Primary government – Town of Jet
Blended component unit – Town of Jet Utilities Authority

A blended component unit is a separate legal entity that meets the component unit criteria. In addition, the blended component unit's governing body is the same or substantially the same as the Town's trustees, or the component unit provides services entirely to the Town. The component unit's funds are blended into those of the Town by appropriate fund type to constitute the primary government presentation. The blended component unit is presented below:

Jet Utilities Authority – The Town trustees serve as trustees of the Jet Utilities Authority. The operations of the Jet Utilities Authority are reported as an enterprise fund.

2. BASIS OF PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charges to external parties for goods or services.

FUND FINANCIAL STATEMENTS

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories, governmental and proprietary. The Town presently has no fiduciary funds. An emphasis is placed on major funds within governmental and proprietary categories. A fund is considered major if it's the primary operating fund of the Town or meets the following criteria.

- a) Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and

TOWN OF JET
Jet, Oklahoma

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

- b) Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial entity are as described below:

GOVERNMENTAL FUND TYPES

General Fund

The General Fund is the general operating fund of the Town. It is used to account for all financial resources, except those required to be accounted for in another fund.

Special Revenue Fund

Special Revenue Funds are used to account for specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes. The Community Building Fund and Museum Fund are the Town's Special Revenue Funds.

PROPRIETARY FUND TYPES

Enterprises Funds

Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes, (Utilities Authority Fund).

3. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe “how” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

MEASUREMENT FOCUS

In the government-wide Statement of Net Assets and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting, as defined in item b below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus, as applied to the modified cash basis of accounting, is used as appropriate:

- a) All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

TOWN OF JET
Jet, Oklahoma

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

- b) The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or non-current, financial, or non-financial) associated with their activities are reported. Proprietary fund equity is classified as net assets.

BASIS OF ACCOUNTING

In the government-wide Statement of Net Assets and Statements of Activities and the fund financial statements, governmental and business-like are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, net assets/fund equity, revenues, and expenditure/expenses when they result from cash transactions with a provision for depreciation on business-type activities in the government-wide statements and proprietary fund statements. Accordingly, capital assets and infrastructure assets in the governmental activities are not recorded as assets by are reported as current expenditures in the year of purchase. Therefore no depreciation is taken on these assets. This basis in a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) *are not recorded* in these financial statements.

If the Town utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

4. CAPITAL ASSETS

The Town's modified cash basis of accounting reports capital assets resulting from cash transactions and reports depreciation only in the business-type activities (proprietary fund). The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund and whether they are reported in the government-wide or fund financial statements.

GOVERNMENT-WIDE STATEMENTS

In the government-wide financial statements, capital assets arising from cash transactions in the Proprietary funds only are accounted for assets in the Statement of Net Assets. These capital assets are valued at historical cost or estimated historical cost or estimated historical cost if actual is unavailable. Governmental funds' infrastructure assets are not capitalized. Governmental fund capital expenditures are recorded as a current year expense.

Depreciation of only proprietary fund capital assets arising from cash transactions is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight line method of depreciation.

FUND FINANCIAL STATEMENTS

In the fund financial statements, capital assets arising from cash transactions for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

TOWN OF JET
Jet, Oklahoma

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Capital assets acquired for use in proprietary fund operations are accounted for the same as in the government-wide statements.

5. EQUITY CLASSIFICATION

GOVERNMENT-WIDE STATEMENTS

Equity is classified as net assets and displayed in three components:

- a) Invested in Capital assets, net related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- b) Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c) Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”

FUND FINANCIAL STATEMENTS

Governmental fund equity is classified as fund balance.

In the fund financial statements, governmental fund balance is presented in five possible categories:

Nonspendable—resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.

Restricted—resources with constraints placed on the use of resources are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed—resources which are subject to limitations the government imposes upon itself at its highest level of decision making, and that remain binding unless removed in the same manner.

Assigned—resources neither restricted nor committed for which a government has a stated intended use as established by the Town Council or a body or official to which the Town Council has delegated the authority to assign amounts for specific purposes.

Unassigned—resources which cannot be properly classified in one of the other four categories. The General Fund is the only fund that reports a positive unassigned fund balance amount. Unassigned balances also include negative balances in the governmental funds reporting resources restricted for specific programs.

TOWN OF JET
Jet, Oklahoma

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Proprietary fund equity is classified the same as the government-wide statements.

6. BUDGETED AND BUDETARY ACCOUNTING

The budgetary data reflected in the accompanying financial statements reflected the Town's legally adopted budgets. The Town's budget is adopted by the town's governing board in accordance with the Oklahoma Municipal Budget Act. Budgets are adopted for all funds.

7. CASH AND INVESTMENTS

Statues authorized the Town to place public funds in checking accounts, certificates of deposit, passbooks, and other available bank investments provided that the deposits and investments are federally insured or secured by approved securities pledged with the State Treasurer.

8. USE OF ESTIMATES

The preparation of financial statements in conformity with the other comprehensive basis of accounting (OCBOA) used by the Town requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

NOTE B – GRANTS

Oklahoma Water Resources Board – The Town is receiving financial aid in the form of grants from the OWRB for their water improvements project.

NOTE C – BUDGETARY NONCOMPLIANCE

For the period ended June 30, 2021, there were no expenditures that exceeded appropriation at the legal level of control in individual funds.

NOTE D – CAPITAL ASSETS

Capital assets activity, resulting from modified cash basis transactions, for the period ended June 30, 2018, was as follows:

See Figure 1; Capital Assets

NOTE E – CASH & INVESTMENTS

CUSODIAL CREDIT RISK – DEPOSITS

The table presented below is designed to disclose the level of custodial credit risk assumed by the town based upon how its deposits were insured or secured with collateral at June 30, 2015. The comparison related to the primary government only. The categories of custodial credit risk are defined as follows:

Category 1 – Insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized with securities held by the Town (or public trust) or by its agent in name.

Category 2 – Uninsured by collateralized with securities held by the pledging financial institution's trust department or agent in the Town's name.

TOWN OF JET
Jet, Oklahoma

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Category 3 – Uninsured and uncollateralized; or collateralized with securities held by the pledging financial institution or by its trust department of agent buy not in the Town's name; or properly collateralized with no written and approved collateral agreement

All funds held by the Town and its related authority were covered by FDIC insurance (Category 1).

Primary Government

INVESTMENTS AND CUSTODIAL CREDIT RISK

Investments are limited by State law to the following:

- a) Direct obligations of the U.S. Government, its agencies and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
- b) Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- c) With certain limitation, negotiable certificates of deposit, prime bankers acceptances, prime commercial paper, and repurchase agreements with certain limitations.
- d) County, municipal, or school district tax-supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality, or school district.
- e) Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.
- f) Money Market funds regulated by the Securities and Exchange commission and in which investments consist of the investments mention in the previous paragraphs a,b,c,and d.

During the year ended June 30, 2021, the Town's investments consisted solely of certificates and deposits.

NOTE F – RESTRICTED NET ASSETS

The amount reported as restricted net assets is as follows:

Governmental Activities:	
Volunteer Fire Fund	\$ 5,825
Proprietary Funds:	
Meter Fund	\$10,056
REAP Grant Account	7,193
Capital Improvement Fund	334
Long Range Sustainability Plan	43,101

NOTE G – LONG TERM DEBT

Long Term Debt

TOWN OF JET
Jet, Oklahoma

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

The Jet Utility Authority held a short-term note with Cleo State Bank in the amount of \$450,000. The proceeds were to be used in conjunction with a Block Grant. The Grant was never received and therefore the loan was returned to the bank, unused.

The Jet Utility Authority has implemented a Water Improvement System Project. The project will be funded by a note in the amount of \$861,500. The Note was entered into on December 31, 2020. It is anticipated that \$250,000 of the loan will be converted into or paid by Grants. The note will bear a 1.32% rate of interest per annum. The outstanding balance will be due together with all accrued interest, but unpaid, in full by September 15, 2051, 30 years after the completion of the project. Additionally, the Note may be eligible for Principal Forgiveness. The first payment will be due on September 15, 2022, in the amount of \$10,191.66.

Cost of Indebtedness:

Public Finance Law Group, PLLC	\$24,000
Traynor, Long & Wynne, PC	14,000
Out of Pocket	2,500

Engineering Costs:

Infrastructure Solutions Group LLC	\$ 58,800
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Schedules Principle Repayments:

Principle

2022	10,191.66
2023	10,191.66
2024	10,191.66
2025	10,191.66
2026	10,191.66

5-year increments:

2031	50,958.30
2036	50,958.30
2041	50,958.30
2046	50,958.30
2051	50,958.30

TOWN OF JET
Jet, Oklahoma

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE H – COMMITMENTS AND CONTINGENCIES

Grants:

In the normal course of operations, the Town receives grant funds from various Federal and State agencies. (See Note B) The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent of the granting funds. Any liability for reimbursement, which may arise as a result of these audits is not believed to be material.

NOTE I – PRIOR YEAR ADJUSTMENTS

The Town and the Utility Authority have recorded adjustments that are related to the recognition of Capital Assets. These adjustments reconcile the Fund balance to the Statement of Net Position after the adjustments to include the Town and the Utility Authority's unrecorded assets.

TOWN OF JET, OKLAHOMA
Schedule of Changes in Capital Assets

	July 1, 2020	Additions	Disposals	June 30, 2021
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Construction in progress	-	-	-	-
Total capital assets not being depreciated	-	-	-	-
Other capital assets				
Buildings	-	1,281,503	-	1,281,503
Machinery and equipment	-	47,730	-	47,730
Infrastructure	-	-	-	-
Total other capital assets at historical costs	-	1,329,233	-	1,329,233
Less accumulated depreciation for:	-	-	-	-
Other capital assets, net	-	-	-	-
Governmental activities capital assets, net	\$ -	\$ 1,329,233	\$ -	\$ 1,329,233
Business-type activities:				
Capital assets not being depreciated:				
Land	-	-	-	-
Construction in progress	-	140,529	-	140,529
Total capital assets not being depreciated	-	140,529	-	140,529
Other capital assets				
Building and Utility Systems	523,489	479,553	-	1,003,042
Machinery and equipment	45,298	93,318	-	138,616
Infrastructure	-	-	-	-
Total other capital assets at historical costs	568,787	572,871	-	1,141,658
Less accumulated depreciation for:	286,066	17,617		303,683
Other capital assets, net	0 -	-	-	-
Governmental activities capital assets, net	\$ 282,721	\$ 695,783	\$ -	\$ 978,504

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING
STANDARDS**

To the Honorable Board of Trustees
Town of Jet

To the Honorable Board of Trustees
Jet Utility Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Jet, State of Oklahoma, as of and for the year ended June 30, 2011, and the related notes to the financial statements, which collectively comprise the Town of Jet, State of Oklahoma's basic financial statements, and have issued our report thereon dated October 11, 2021

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Jet, State Y's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Jet, State of Oklahoma's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Jet, State of Oklahoma's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.


Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Jet, State of Oklahoma's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Watonga, Oklahoma
October 11, 2021

Supplemental Information

TOWN OF JET, OKLAHOMA
BUDGETARY COMPARISON SCHEDULE - CASH BASIS
GENERAL FUND
Fiscal Year Ended June 30, 2021

	Original	Final	Actual	Variance Over (Under)
Beginning Budgetary Fund Balance	\$ -	\$ -	\$ 366,802	\$ 366,802
Revenues:				
Taxes:				
Sales Tax	42,000	42,000	32,979	(9,021)
Franchise Tax	9,000	9,000	9,496	496
Use Tax	4,700	4,700	10,036	5,336
Cigarette Tax	500	500	297	(203)
Lodging Tax	500	500	510	10
Total Taxes	56,700	56,700	53,318	(3,382)
Intergovernmental:				
Motor Vehicle Tax	2,500	2,500	1,696	(804)
Alcoholic Beverage Tax	6,500	6,500	9,274	2,774
Gas Excise Tax	500	500	219	(281)
Grants	5,000	116,000	-	(116,000)
Investment Income	1,200	1,200	301	(899)
Miscellaneous Income:				
Permits	-	-	-	-
Rentals	-	-	-	-
Fire	2,500	2,500	1,500	(1,000)
Donations	500	500	3,645	3,145
Other Miscellaneous	3,500	3,500	13,519	10,019
Other Financing Sources				
Transfer from Other Funds	-	-	-	-
Reserves	-	-	-	-
Amounts Available for Appropriations	78,900	189,900	450,275	260,375
Budgeted Expenditures				
GENERAL GOVERNMENT:				
Personnel Service	44,460	44,460	43,903	(557)
Maintenance & Operation:	16,550	16,550	24,100	7,550
Contracted Services;	2,000	2,000	1,718	(282)
Capital Outlay	2,000	2,000	1,916	(84)
TOTAL GENERAL GOVERNMENT	65,010	65,010	71,637	6,627
COMMUNITY BUILDING				
Personnel Service	-	-	-	-
Maintenance & Operation:	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL COMMUNITY BUILDING	-	-	-	-
FIRE DEPARTMENT:				
Personnel Services:	-	-	-	-
Maintenance & Operation:	8,850	8,850	7,029	(1,821)
Capital Outlay	-	-	-	-
TOTAL FIRE DEPARTMENT	8,850	8,850	7,029	(1,821)
STREET & ALLEY:				
Personnel Service	-	-	-	-
Maintenance & Operations	16,700	16,700	13,754	(2,946)
Capital Outlay	-	111,000	-	(111,000)
TOTAL STREET & ALLEY	16,700	127,700	13,754	(113,946)
Other Financing Uses:				
Reserves	2,300	2,300	2,399	99
Total Charges to Appropriations	92,860	203,860	94,819	(109,041)
Ending Budgetary Fund Balance	\$ (13,960)	\$ (13,960)	\$ 355,455	\$ 369,415

See Accompanying notes to the basic financial statements.

TOWN OF JET, OKLAHOMA
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
JET UTILITY AUTHORITY
Fiscal Year Ended June 30, 2021

	Original	Final	Actual	Variance Over (Under)
REVENUES:				
Water	\$ 147,500	\$ 147,500	\$ 70,772	\$ 76,728
Sewer	25,000	25,000	19,265	5,735
Sanitation	27,000	27,000	25,044	1,956
Other	2,100	866,100	108,213	757,887
	<u>201,600</u>	<u>1,065,600</u>	<u>223,295</u>	<u>842,305</u>
EXPENSES:				
Personnel Services	50,000	50,500	49,171	1,329
Contract Labor	5,000	6,200	6,043	157
Cell Phone	400	400	275	125
Dues	4,430	4,430	4,335	95
Equipment Rental	-	-	-	-
Fuel	3,500	3,613	3,613	-
Insurance	6,500	6,500	5,584	916
Legal Fees	3,000	1,500	1,138	362
Materials & Supplies	10,900	13,045	10,988	2,056
Other Services	1,000	1,000	968	32
Parts & Repairs	10,000	14,500	14,489	11
Postage	800	800	440	360
Reserves	25,000	25,000	24,616	384
Testing	9,000	6,000	4,091	1,909
Training	-	-	-	-
Trash Contract	28,000	24,387	24,072	314
Utilities	12,500	12,800	12,719	81
Capital Outlay	5,000	954,423	187,375	767,048
	<u>175,030</u>	<u>1,125,097</u>	<u>349,917</u>	<u>775,180</u>
OPERATING INCOME	<u>26,570</u>	<u>(59,497)</u>	<u>(126,622)</u>	<u>67,125</u>
NON-OPERATING REVENUE (EXPENSES)				
Interest Income	375	375	2,481	(2,106)
Interest Expense (Debt Service)	-	(18,567)	(18,567)	-
Grant Receipts	-	88,923	91,133	(2,210)
Transfer In	-	-	-	-
Transfer Out	10,000	10,000	-	10,000
	<u>10,375</u>	<u>80,731</u>	<u>75,047</u>	<u>5,684</u>
NET REVENUES (EXPENSES)	<u>36,945</u>	<u>21,234</u>	<u>(51,575)</u>	<u>72,809</u>
BEGINNING RETAINED EARNINGS	-	-	430,580	(430,580)
ENDING RETAINED EARNINGS	<u>\$ 36,945</u>	<u>\$ 21,234</u>	<u>\$ 379,005</u>	<u>\$ (357,771)</u>

See Accompanying notes to the basic financial statements.